

UNITED STATES INTERNATIONAL TRADE COMMISSION

**APPAREL INPUTS IN “SHORT SUPPLY”: BLOUSES OF
CERTAIN SHIRTING FABRICS**

Investigation No. 332-436-007

January 2003



Apparel Inputs in “Short Supply” (2002): Effect of Providing Preferential Treatment to Apparel Imported from Sub-Saharan African and Caribbean Basin Countries

U.S. International Trade Commission Investigation No. 332-436-007

Products	Blouses of Certain Shirting Fabrics
Requesting Party	School Apparel, Inc., Star City, Arkansas
Date of Commission Report: USTR Public	January 29, 2003 January 2003
Commission Contact	Jackie W. Jones (202-205-3466); jones@usitc.gov

NOTICE

THIS REPORT IS A PUBLIC VERSION OF THE REPORT SUBMITTED TO USTR ON JANUARY 29, 2003. ALL CONFIDENTIAL INFORMATION HAS BEEN REMOVED AND REPLACED WITH ASTERISKS (***).

Summary of Findings

The petition filed by School Apparel with the Committee for the Implementation of Textile Agreements (CITA) on December 18, 2002, is identical to the petition that it filed with CITA in January 2002. CITA denied School Apparel's first petition and stated that the subject shirting fabrics could be supplied by the domestic industry in commercial quantities in a timely manner.¹ Based on new information provided by School Apparel, CITA accepted the current petition. ***

The Commission is unaware of any opposition to School Apparel's current petition. Based on the Commission's current review, the Commission finds that, like in the original review,² granting duty-free and quota-free treatment to U.S. imports of blouses assembled in eligible Caribbean Basin countries from the subject shirting fabrics,³ regardless of the source of the fabrics, would likely have no adverse effect on U.S. yarn and fabric producers, because there currently is no known U.S. production of the subject fabrics and no known plans by any U.S. textile mill to fill School Apparel's order. The proposed preferential treatment also would likely have a negligible adverse effect on U.S. producers of blouses and their workers. U.S. firms producing blouses in eligible Caribbean Basin countries would likely benefit from the granting of the proposed preferential treatment. U.S. consumers also would likely benefit from any duty savings resulting from the proposed preferential treatment.

¹ CITA, “Denial of Short Supply Request under the United States-Caribbean Basin Trade Partnership Act (CBTPA),” Mar. 5, 2002, notice found at <http://otexa.ita.doc.gov/fr2002/short4.htm>.

² U.S. International Trade Commission, *Apparel Inputs in “Short Supply” (2002): Effect of Providing Preferential Treatment to Apparel Imported from Sub-Saharan African and Caribbean Basin Countries*, “Women's and Girls' Blouses of Certain Shirting Fabrics” (investigation No. 332-436-001), Feb. 15, 2002, available at http://www.usitc.gov/332s_436_001.pdf.

³ The Commission was requested to provide advice with respect to shirting fabrics entering under subheadings 5210.21 and 5210.31 of the Harmonized Tariff Schedule of the United States (HTS), which provide for certain “bleached or dyed” fabrics. *** The Commission's advice in this report, as requested, applies only to blouses made from fabrics classified in HTS subheadings 5210.21 and 5210.31.

Background

On January 17, 2002, following receipt of a request from the United States Trade Representative (USTR), the Commission instituted investigation No. 332-436, *Apparel Inputs in "Short Supply" (2002): Effect of Providing Preferential Treatment to Apparel Imported from Sub-Saharan African and Caribbean Basin Countries*, under section 332(g) of the Tariff Act of 1930 (19 U.S.C. 1332(g)) to provide advice during 2002 in connection with petitions filed by interested parties under the "short supply" provisions of the African Growth and Opportunity Act (AGOA) and the United States-Caribbean Basin Trade Partnership Act (CBTPA).⁴

The Commission's advice in this report concerns a petition received by CITA alleging that certain shirting fabrics for use in the production of women's and girls' blouses cannot be supplied by the domestic industry in commercial quantities in a timely manner and requesting that the President proclaim preferential treatment for such apparel made in eligible CBTPA countries from such fabrics, regardless of the source of the fabrics. The President is required to submit a report to the House Committee on Ways and Means and the Senate Committee on Finance that sets forth the action proposed to be implemented, the reasons for such action, and the advice obtained from the Commission and the appropriate advisory committee within 60 days after a request is received from an interested party.⁵

Brief discussion of the product

The shirting fabrics named in the petition are classified in subheadings 5210.21 and 5210.31 of the Harmonized Tariff Schedule of the United States (HTS), which cover bleached (5210.21) and dyed (5210.31) plain-woven fabrics of cotton, containing less than 85 percent by weight of cotton, mixed mainly or solely with manmade fibers, and weighing not more than 200 grams per square meter. The petition identifies the subject fabrics as falling under subheadings 5210.21 and 5210.31 covering broadcloth, not of square construction, containing more than 70 warp ends and filling picks per square centimeter, and of average yarn number exceeding 70 metric (or approximately 42 singles yarn). The 2003 general rates of duty on the bleached fabric (subheading 5210.21) are 8.2 percent ad valorem, if the yarns in the fabrics are of number 42 singles or lower, and 11.4 percent ad valorem, if the yarns are of numbers 43 to 68 singles. The duty rates on the dyed fabrics (subheading 5210.31) are 10 percent ad valorem, if the yarns are of number 42 singles or lower, and 12.2 percent ad valorem, if the yarns are of numbers 43 to 68 singles.

The subject fabrics are used in the production of women's and girls' blouses, particularly girls' school uniform blouses, which are classified in HTS chapter 62 (apparel, not knitted or crocheted). The 2003 general rate of duty on imports of blouses made from the subject fabrics is 15.5 percent ad valorem.

⁴ For more information on the investigation, see the Commission's notice of investigation published in the *Federal Register* of January 25, 2002 (67 F.R. 3733) and its website at www.usitc.gov/332s/shortsup/shortsupintro.htm.

⁵ In Executive Order No. 13191, the President delegated to CITA the authority to determine whether particular fabrics or yarns cannot be supplied by the domestic industry in commercial quantities in a timely manner. He authorized CITA and USTR to submit the required report to the Congress.

Brief discussion of affected U.S. industries, workers, and consumers

As stated in the Commission's report concerning the original petition, the only known U.S. fabric mills to have the capacity to produce the subject fabrics at that time were Dan River, Inc., Danville, VA, and Wade Manufacturing Co., Wadesboro, NC. Following CITA's denial of the original petition, ^{***6 ***}.⁷

Views of interested parties

No written submissions were filed with the Commission.

Probable economic effect advice⁸

Because the current petition filed by School Apparel covers the same fabrics as its previous petition and because the Commission is unaware of any changes in the U.S. textile industry's capability to supply the subject fabrics since its original review, the Commission's probable economic effect advice remains unchanged from its original review. The probable economic effects of granting duty-free and quota-free treatment to U.S. imports of blouses made in eligible CBTPA beneficiary countries from the subject fabrics, regardless of the source of the fabric, is likely to have no adverse effect on U.S. yarn and fabric producers because there currently is no known U.S. production of the fabric.

The proposed preferential treatment still is likely to have a negligible adverse effect on U.S. firms making women's and girls' blouses domestically from the subject fabrics, and on their employees. The U.S. markets for blouses, including school uniform blouses, made from the subject fabrics continue to be largely supplied by imports from Asia, Mexico, and the CBTPA countries. To the extent that imports of the uniform blouses from eligible countries increase, these imports would likely displace imports from other countries to a greater degree than they would displace U.S. production, because any existing U.S. production is likely to supply niche markets or exist for quick response purposes. U.S. and other firms making blouses in eligible CBTPA counties are likely to benefit from the granting of the proposed preferential treatment.

U.S. distributors and consumers of blouses (school and career uniform blouses) would likely benefit from the proposed preferential treatment, because importers are likely to pass through some of the duty savings, given the highly competitive market for uniform blouses.

⁶ James E. Martin, President, Apparel Fabrics Division, Dan River, Inc., Danville, VA, telephone interview by Commission staff, Jan. 14, 2003.

⁷ Bernard M. Hodges, President, Wade Manufacturing Co., telephone interview by Commission staff, Jan. 16, 2003.

⁸ The Commission's advice is based on information currently available to the Commission.